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ABSTRACT

This paper poses and responds to 10 questions about the policy issues affecting state education agencies raised by the federal government's plans to reduce expenditures for education and to consolidate several categorical aid programs into two major block grants. These 10 questions focus on the shifting relationships among and responsibilities of state and local education agencies and the means for maintaining compliance with the various applicable regulations as laws regarding funding and responsibilities change. The questions also touch on the definition of "local education agencies," the impact grant distribution formulas will have on educational opportunity equalization efforts, and methods for ensuring the supplementary nature of federal funds. Finally, the questions concern alterations in the character and influence of advocacy groups at state and local levels, the impact of reductions in federal support on local tax burdens, and the capacity of local districts to manage the resources newly placed under their control. (Author/PGD)

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LOCAL-STATE-FEDERAL EDUCATION RELATIONSHIPS:

ISSUES REGARDING BLOCK GRANTS

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LOCAL-STATE-FEDERAL EDUCATION RELATIONSHIPS:

ISSUES REGARDING BLOCK GRANTS

The Reagan administration's proposal to consolidate numerous categorical programs into two major block grants offers a fresh opportunity to accomplish what most educators have long desired: to simplify and rationalize federal education programs and to restore appropriate authority to state and local levels.

If the details of the proposal were established and its enactment in that form by Congress were assured, it would be possible--though not simple--to set forth a fairly clear set of education policy options for SEAs. But neither the final form nor the ultimate Congressional approval is assured. Even the concept is not clear: are the grants really to be block grants, a modified form of general aid or revenue sharing, or merely lumped-together categoricals?

Some basic questions must be answered before specific options can be identified and considered adequately. Timing and sequence become very important. The administration plans implement the total program at once. In reality, various parts of the program may be enacted in an order lacking internal synchronization, given the vagaries of the legislative process, the predilections of members of Congress desirous of protecting their favorite programs, and the inevitable lobbying pressures of special-concern groups.

Three or four scenarios might be envisioned. If the first priority is to cut the budget, the 25% reduction now proposed for federal education expenditures may be enacted without changes in the existing categorical arrangements. The SEAs and LEAs would simply be doing the

same thing with less money. Alternatively, both the reduced appropriations and the dual-grant program might be legislated at the same time, but without changing the laws which govern these programs. In that case, all of the existing statutory requirements would have to be met--there would simply be divided authority and less money to do the job. Or, specific education laws might be changed (e.g., P.L. 94-142 or Sec. 504), with other civil rights laws still requiring that certain services be provided, despite the change from categorical to block grants and despite the reduction of funds available to both the state and local education agencies.

Still another possibility is that available education funds may be reduced by cutbacks in funding (impoundment or rescission) while Congress is still wrestling with the problem and not arrived at a solution.

Attempting to set forth clear-cut policy options at this time is extremely difficult--some might say, premature. But the one option that does not seem tenable is the do-nothing alternative. At this early stage, CSSOs and SEAs may have opportunities to influence legislation-drafting and regulation-writing. Furthermore, examination of some of the policy issues now may be useful to the prudent planner.

Even a preliminary analysis cannot address specific programs now--there is too much uncertainty about which programs will fall where, about what will be done with the programs (such as vocational education) which are targeted for later review, and what administration plans might be for areas where available OMB documents give only the scantiest attention--research or evaluation, for example.

Nevertheless, some specific questions have been raised which can serve as a framework for initial analysis.

1. As traditional SEA/LEA functions are realigned under the dual grant program, how will SEA functions, staffing, and program responsibilities be affected?

SEAs may be left with fewer regulatory/enforcement functions as they relate to federal programs; the emphasis on service/technical-assistance functions could increase or decrease; the opportunity for more leadership functions should be greater--except that there will be less money to do innovative, creative, or trend setting work.

It is fair to assume that fewer SEA staff will be available for regulatory and enforcement functions to be performed on behalf of the Department of Education and with the disappearance of administrative responsibilities for federal funds. Yet, the necessity to assure that local block grant plans meet state standards could well intensify needs for monitoring for school approval and school certification.

At the same time, LEAs will be needing help--"Hey, we've never had to do this before; how do we do it?"

One option is for the SEA to institute staff development programs to prepare staff who have performed regulating and monitoring functions to become providers of services or to shift their focus from monitoring federal efforts to ensuring compliance with state standards. Another option is to start training LEA personnel to assume their new responsibilities. Another is to prepare to offer certain services to LEAs for a fee, assuming they will now have administrative funds.

2. What responsibilities, if any, will SEAs retain for the operation of programs shifted from state to LEAs? At whose cost?

A state's retained responsibilities for educational programs given over to LEA control will depend in part on the sequence of events as the changeover is implemented. If the funding and program responsibility are

changed before other applicable laws are changed, the state may still have responsibilities it cannot easily shed.

If a specific program such as services to the disadvantaged or handicapped is made part of the LEA grant, the state could take the position that these were local problems all along anyway--as some states have already done with handicapped education. Or, the SEA could still insist on reviewing local plans under the broad state statutory authority to "supervise" all schools in the state. The SEA could also invoke its general supervisory authority to monitor the breadth and effectiveness of certain programs included in local block grants.

If the state does not feel it can legitimately divest itself of all responsibility, the SEA may attempt to influence federal legislation to assure at least residual administrative funds be provided for some state level oversight of programs. If federal funds do not appear to be a likely alternative, the SEA may want to lay the groundwork for securing state appropriations for their oversight efforts, using the quite legitimate argument that the state has ultimate responsibility for the education of its children.

3. If the dual grant system is installed before other legislative changes are made, how will compliance with still existing laws (e.g., Section 504) be audited and assured?

In the not unlikely event that Congress gets eager to cut taxes, reduce appropriations, and get the money out to LEAs to "run their own programs," the state may find it has legal, as well as professional and ethical, responsibilities to see that the still extant laws are enforced. In such a case, options at the SEA level are limited. The SEA

may have to opt out, maintaining it cannot enforce federal laws when it has neither money nor authority to place mandates or sanctions on a local district. In anticipation of such an impasse, the SEA may want to join with other states in early lobbying efforts at the Congressional level to assure that the entire program of dual block grants is enacted in a reasoned and deliberate fashion. Finally, the state may want to invoke its statutory authority to exercise general supervision over all of the schools in the state, and go as far as its state money will go.

4. Even when all necessary legislative changes are made to implement the dual grant system, auditing and compliance mechanisms will still be needed. What will be the respective state and federal roles in assuring compliance?

This question is, of course, related to the previous question; the possible answers are similar, but not identical. First, the SEA can simply wait for the process to be completed and then follow the book--do exactly what the law prescribes, whatever views it may hold about the adequacy or appropriateness of the federal legislation. It is much more likely the SEA will want to attempt to work through its Congressional delegation to be sure the law clearly spells out respective enforcement roles and jurisdictions and appropriate funding is provided for state responsibilities.

The SEA may feel professional responsibility to do its part to monitor for compliance and for quality, using its existing state "oversight" authority, even if roles are clarified, the authorities made specific and funds made available. Instead of instituting an elaborate, expensive, or time consuming program to cover all possible exigencies, the SEA may want to use the approach sometimes designated as "management by exception"--that is, assume that most people (districts) are trying to

do a good job and focus attention on only the most egregious exceptions. This method displays a high level of trust with respect to local education authorities, but a reasonable level of honest skepticism as well.

5. What will be the definition of "local education agency" under the new proposals?

If the grants involving the largest amount of money go to an entity called "the local education agency," adequate definition of the term is extremely important. Unless the individual states simply want to wait and see what the Congress decides, which is one reasonable option, they may want to get the best state thinking written into the law at the earliest possible stage.

A possible preferred option would be to let the individual states create their own definitions, since they already have the experience and can tailor the definition to fit constitutional, statutory, and regulatory requirements suitable to the state and to its history and traditions. If the list or definition of "local educational agencies" eligible for federal grants is provided by Congress, it could be inconsistent with traditional or legal roles assigned to educational agencies. Statutory language also could specifically exclude the type of schools or organizations which are likely to cause the most difficulty--that is, unregulated or demonstrably illegitimate private schools, any schools whose receipt of funds would be contrary to First Amendment principles, home instruction schools, proprietary or trade schools, and the like.

Another alternative would be to specify eligibility of "local education agencies" in terms of specific criteria, such as those employing certified teachers, offering state approved curricula, providing a full range of services to the handicapped, having adequate evaluation procedures, or meeting other specified conditions as enumerated in the legislation.

6. Will formulas to be used to distribute LEA grants result in disequalization of resources?

The OMB proposals, which are assumed to represent official administration position, indicate that block grants will be distributed on some sort of formula basis. Neither the nature of the formula(s) to be used, nor the potential result, is clear. It is clear, however, that unless carefully devised, the formulas might have a seriously disequalizing financial effect. Chief State School Officers and SEAs may be able to exert some beneficial influence at an early stage in the detailed formulation and ultimate adoption of the LEA block grant formulas.

The administration, and perhaps the Congress, are apt to be tempted to consider an easy shortcut: a straight per-pupil allocation for all local grants. While easy to enact and administer, it considers neither variations in costs nor discrepancies in resources and would have a negative effect on equalizing educational opportunity.

If the LEA block grants carry with them some funds for necessary state-level administration, provision would have to be made for some sort of "floor" to the state grant. On a straight per-pupil basis smaller states would suffer, as they have under previous federal grant programs.

A weighted per-pupil basis for LEA grants could take into account the widely varying costs of different kinds of programs, offered under conditions ranging from dense urban settings to sparse rural areas. Achieving consensus on the weighting to be used would be difficult, as evidenced by the decade long fight between the northern and southern states over the Title I formula.

If the formula for local grants were weighted by state resources available per child, existing equalization programs would be undisturbed. Since many states have not yet achieved any acceptable degree of equalization of resources among their own districts, a federally mandated weighting of grants by state resources alone would not improve the situation.

7. How will the concept of "supplement, not supplant," where applicable, be enforced in relatively unrestricted LEA grants?

The idea that federal funds should be used to supplement, rather than replace, state and local funds may have more merit than those who have become embroiled in controversies over its administration may be ready to concede. Nitpicking regulations aside, it does seem to make sense that if the federal government is going to provide additional funds to either state or local educational agencies to get certain jobs done, the money should be used for those purposes and not just to lower state/local taxes. If federal education funds represented general revenue sharing, there would be no problem in using it to reduce taxes. But block grants--as proposed--are not even general aid, much less revenue sharing.

Again, state level influence in devising a good solution to this problem would be most effective before-the-fact, that is, as legislation is being drafted in Congress. Once legislation is in place, the state function becomes one merely of complying or of assuring compliance.

One option for CSSOs and SEAs would be to let the supplement-not-supplant idea just die a natural death. This would be consistent with the idea of letting local districts take care of their own problems. Another option would be a provision that would require local districts to make periodic signed "assurances" that the funds were being used as intended.

Alternatively, federal legislation could be written to provide the states both the clear authority and the necessary funding to audit compliance with whatever non-supplant language might be written into the law.

8. How will the character and influence of advocacy groups be altered (at both SEA and LEA levels)?

The OMB proposal gives the strong impression that formal advisory committees may no longer be required. Whatever may happen to advisory committees, advocacy groups will surely continue on the scene. Most of the money for programs that have the strongest advocacy groups will be funded and administered at the local agency level, therefore, the SEA will probably not feel the intense pressures often exerted in the past. Since the SEA will presumably be left with some of the "minor" programs to administer directly, some attention will still be given to dealing with the advocates of these programs.

Actually, there may be good reasons for the SEA to continue to sponsor and work with advisory committees, even though they are no longer required by law. Such committees often serve as valuable sources of input and as credible linkages with the publics served, both the general citizenry and the special interest groups. These committees also serve as a sort of insulation from the importunings of the most vocal and zealous individual advocates: "Take it up with the committee!"

Because most SEAs have staff members who have very considerable experience and skills in dealing with advisory/advocacy groups, the offer of technical assistance to LEAs in this matter might be welcomed. There may be an understandable tendency, at first, to let the local districts fend for themselves: after all, it's their money and their problem now. But in the long run, offering technical assistance may provide a relatively inexpensive way for SEAs to render a low-cost but very real service to the LEAs and at the same time keep reasonably well in touch with programs no longer directly under state jurisdiction.

9. Will the proposed reduction in the level of federal support simply shift another tax burden to local taxpayers?

Detailed fiscal analysis of the probable impact of the precedent breaking proposals for the dual block grant system are now being undertaken at local, state, and national levels by a variety of organizations. Very few concrete data are yet available, but it seems clear the proposed reduction in federal funds--most recently escalated from 20% to 25%--will not be balanced by reduced costs brought about by "deregulating" the education industry.

The proponents for the block grant system claim that both state and local education interests will really come out ahead, even with less money to start with, because they will need to use fewer personnel to prepare detailed plans, to set up mechanisms to assure compliance with federal regulations, and to audit and report on program operations. The limited studies that have been undertaken to date by the Northwest Regional Educational Laboratory and other agencies fail to support that contention.

The basic idea of block grants may be sound enough to warrant some temporary dislocations and reductions in funds. The question is a fundamental social/economic policy issue not within the realm of the SEA to decide. But the SEA will probably want to be prepared to react appropriately in the light of certain fairly evident considerations.

For example, the proposed program does offer the opportunity for both state and local education agencies to have some desired freedoms and responsibilities. The block grant proposal also offers state and local agencies a fresh opportunity to make their own choices and set their own priorities.

Reduction of federal funding might mean reduction of federal taxes, with an almost inevitable shift of more of the tax burden to state and local sources.

There may be now an opportunity to test the hypothesis that any governmental task can be carried out most efficiently and effectively if the decisions are left "close to the people."

10. Do LEAs generally have capacity to adequately manage the resources which will be placed under their more direct control?

Perhaps the function of the Chiefs and the SEAs is not to try to answer this question now, but to work with the LEAs so that the answer, down the road a bit, has a better chance of being positive.

SEAs may want to place a primary agency emphasis on developing management skills--maybe even shifting from the historic emphasis on curriculum and instruction. Some monitoring-compliance personnel in the agency might be trained for new duties in the management area. Emphasis might be placed on staff development programs for LEAs in management skills. This may offer the best chance in a long time really to "strengthen local control."

As was indicated at the outset of this paper, it is too early yet to devise a complete list of policy options for Chiefs and SEAs to consider as they face the uncertainties of the new cut-the-budget, block-the-grants proposals.

The states will certainly have intensified responsibilities for some or all of four functions: (1) state level educational research; (2) policy functions in the areas of legislation, regulation drafting and guideline writing; (3) state program planning and the technical assistance that will be required; and (4) evaluation and performance auditing. The new block grants will create major needs for training and technical assistance to LEAs in the areas of policy and program development, and evaluation and performance auditing. Whether the administration will provide support for this necessary training and technical assistance is unclear at this time. Whether such support is federally provided or not, it is clear that the SEA of the future will increasingly become the focal point for issues regarding policy and program development and evaluation and program auditing in support of the block grants.